

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

THE APPLICATION OF D. H. CAMPBELL AND)
JOAN CAMPBELL, PARTNERSHIP, FOR AN)
ORDER PURSUANT TO CHAPTER 278 OF THE)
KENTUCKY REVISED STATUTES FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY AUTHORIZING AND PERMITTING) CASE NO. 8477
SAID APPLICANTS TO CONSTRUCT A WASTE)
WATER COLLECTION AND TREATMENT SYSTEM)
TO SERVE THE RESIDENTS OF EAST PINE)
KNOT ESTATES SUBDIVISION IN MCCREARY)
COUNTY, KENTUCKY, AND APPROVE FINANC-)
ING THEREOF)

O R D E R

The partnership of D. H. Campbell and Joan Campbell ("Campbells") filed an application on March 16, 1982, for approval of the financing and certification of the construction of a \$192,000 sewage facilities project to serve a proposed subdivision of 69 residential lots near Pine Knot, McCreary County, Kentucky. The Campbells did not request the establishment of rates for sewage disposal services.

A grant of \$220,000 from the Kentucky Housing Corporation has been committed for financing the rural housing project which requires the proposed sewage facilities. About \$136,000 of this grant is committed to financing the \$192,000 sewage facilities project. The Campbells will provide the \$56,000 not covered by the grant from private funds and plan to recoup this amount from the sale of developed lots.

The plans and specifications prepared by Barge, Waggoner, Summer and Cannon of Knoxville, Tennessee, ("Engineer") have received preliminary approval from the Division of Water of the Department for Natural Resources and Environmental Protection and are a part of the record in this matter.

A Commission hearing was held May 28, 1982, in Frankfort, Kentucky, and no protests were entered. All requested information has been filed.

The Commission, after consideration of the record and being advised, is of the opinion and finds that:

1. The establishment of a sewage service rate was not requested in the application and is not addressed herein; however, the granting of a certificate to the Campbells should be conditioned upon their compliance with the Commission's filing requirements for the establishment of an initial rate within 30 days of the date of this Order.

2. Public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

3. The sewage system proposed for construction by the Campbells includes collecting sewers and treatment facilities that will provide extended aeration treatment followed by filtration and chlorination of up to 40,000 gallons per day ("GPD") of domestic sewage. The 69 single-family residences proposed for construction at this time and the 48 multi-family dwelling units

proposed for construction at a future time can be accommodated by the 40,000 GPD plant.

4. The Campbells plan to finance the proposed project for sewage facilities with about \$56,000 of their private funds and an allocation of \$136,000 for sewage facilities construction from a \$220,000 grant to be made by the Kentucky Housing Corporation. This plan is reasonable and appropriate in this instance and should be approved.

5. The Campbells plan to recoup their investment in sewage facilities (about \$56,000) from the sale of lots. The Campbells should, therefore, be advised that no claims for interest expense or depreciation expense should be included in their application for the establishment of sewage service rates.

6. The Campbells filed a valid third party beneficiary agreement as a part of their application.

7. The Campbells should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

8. The Campbells' contract with the Engineer should require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection should insure that the construction work is

done in accordance with the contract plans and specifications and conforms with the best practices of the construction trades involved in the project.

9. The Campbells should require the Engineer to furnish a copy of the record plans and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

10. The Campbells should file with the Commission a copy of all contractual agreements which are subject to the approval of this Commission.

IT IS THEREFORE ORDERED that the Campbells shall comply with the Commission's filing requirements for establishment of initial rates within 30 days of the date of this Order and that the granting of a certificate to the Campbells is conditioned upon their compliance herewith.

IT IS FURTHER ORDERED that the Campbells be and they hereby are granted a certificate of public convenience and necessity to proceed with the proposed construction as set forth in the contract plans and specifications of record herein.

IT IS FURTHER ORDERED that the Campbells' plan for financing the proposed sewage facilities project be and it hereby is approved.

IT IS FURTHER ORDERED that the Campbells shall file with this Commission duly verified documentation which shows the total costs of construction herein authorized including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed.

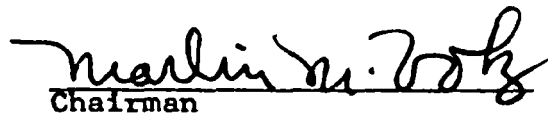
IT IS FURTHER ORDERED that the contract between the Campbells and the Engineer shall require the provision of full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering. This supervision and inspection shall insure that the construction work is done in accordance with the contract plans and specifications and conforms with the best practices of the construction trades involved in the project.

IT IS FURTHER ORDERED that the Campbells shall require the Engineer to furnish this Commission with a copy of the record plans and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications, within 60 days of the date that construction is substantially completed.

Nothing contained herein shall be deemed a warranty by the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 20th day of August, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary